Province of Alberta

Office of the

ETHICS COMMISSIONER

ANNUAL REPORT

2011/2012

under the ***Conflicts of Interest Act*** and the ***Lobbyists Act***

November 2012

Hon. Gene Zwozdesky
Speaker of the Legislative Assembly
325 Legislature Building
Edmonton, Alberta
T5K 2B6

Dear Mr. Speaker:

It is my honour and privilege to submit to you the Annual Report of the Office of the Ethics Commissioner, covering the period from April 1, 2011 to March 31, 2012. Included in the Report is an update on the Lobbyists Registry.

This report is submitted pursuant to section 46(1) of the *Conflicts of Interest Act*, Chapter C-23 of the 2000 Revised Statutes of Alberta.

Yours very truly,

Neil R. Wilkinson
Ethics Commissioner

TABLE OF CONTENTS

3 Ethics Commissioner Remarks
5 Vision, Mission, Values and Principles
6 Our Role
9 *Conflicts of Interest Act*
- Disclosure Process
- Provision of Advice
- Conduct of Investigations
- Requests for Information
- Comparitive Statistics

15 Educational Initiatives
- Events or Conferences
- Speaking Engagements / Presentations
- Publications

17 *Lobbyists Act*
- Outreach
- Requests for Information
- Statistical Year in Review
- Lobbyists Registrations
- Registry Website Activity
- Investigations
- Legislative Review
- Registrar's Remarks

23 Financial Statements
36 Contact Us

THE YEAR IN REVIEW

I am pleased to submit the 2011/12 Annual Report for the Office of the Ethics Commissioner. This past year has been very active, reviewing legislation and hosting a national conference. During 2011, the *Lobbyists Act* underwent its first comprehensive legislative review. The legislation has been in place for two years and through it, the integrity and accountability of government has been enhanced by fostering openness and transparency about who is influencing the decisions of public office holders. We hosted delegates from across the country as part of the 2011 National Lobbyists Registrars and Commissioners Conference in Edmonton. Conferences like these are very beneficial to my staff as it allows them the opportunity to share issues of common interest and to network with other provincial, territorial and federal staff.

In November 2011 my Office completed our second investigation under the *Lobbyists Act*. The investigation determined the allegations made by the Alberta Federation of Labour were unfounded and the Canadian Association of Petroleum Producers was not in violation. See page 20 for further details.

Compared to the 2008 election, a significant increase in advice requests occurred leading up to the 2012 Alberta General Election. In 2008, there were 60 requests for advice, of which 11 related to post-employment situations. In 2011/12, my Office received 147 requests for advice, including 38 requests about post-employment obligations. Questions from electoral candidates about carrying on a business or profession were also common. The total number of advice requests increased by 28% over last year.

Financial disclosure statements are completed on an annual basis by all MLAs and senior officials. Following disclosure, meetings are held with each official to provide an opportunity to raise questions and consider potential conflicts of interest. This process provides an opportunity for Members and officials to consider their private interests in relation to their public responsibilities and to ensure their decisions are made in the public interest. I feel the disclosure process is a key component in preventing conflicts under the *Conflicts of Interest Act*. While I appreciate the timeliness and cooperation received by most Members and senior officials, not everyone is punctual. A significant amount of office time is spent contacting Members and officials through a series of reminders and phone calls as the deadline approaches. We anticipate next year will show great improvement as MLAs become more aware of their responsibilities. My Office wishes to thank caucus staff and party whips for their continued support to ensure 100% compliance with the legislation within the appropriate timeframes.

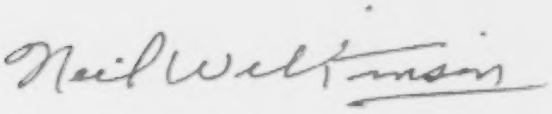
LOOKING FORWARD

The General Election resulted in 38 new Members in the Legislative Assembly. Educational activities, including disclosure meetings, will be the focus of 2012/13 to raise awareness of the Office and to inform Members of their responsibilities under the legislation. Requests went out to speak to party caucuses and my Office participated in the MLA and Standing Committee on Legislative Offices orientations.

By December 1, 2012 a special committee is to be established by the Legislative Assembly to commence a comprehensive review of the *Conflicts of Interest Act*. Within one year after beginning the review, a report is to be submitted to the Assembly including any recommended amendments. The review will provide an opportunity for my Office to submit recommendations and share our experiences gained through the administration of the legislation.

IN CONCLUSION

I have the support of three competent and dedicated staff. I wish to thank Glen Resler, Brad Odsen and Louise Read for their commitment, talent and hard work. Staff enjoy the opportunity to work closely with MLAs, senior officials and lobbyists to help them meet their obligations under our *Acts*. I believe Albertans can take pride in the ethics demonstrated by its leaders and public servants and the role we play in the area of fulfilling our mandate for accountability and transparency.



Neil R. Wilkinson
Ethics Commissioner

VISION

Albertans have confidence and trust in the integrity of their public institutions.

MISSION

Foster and encourage ethical conduct through education, public disclosures, provision of advice and investigations.

VALUES

Our values:

- Collaborative
- Confidentiality
- Dependability
- Impartiality
- Integrity
- Leadership
- Respectful
- Selflessness
- Supportive
- Trustworthy

PRINCIPLES

Guiding public officials to reflect the values of our legislation in their every day decision-making.

Serving the legislature, senior officials and the public with impartiality and independence.

Fostering integrity in a respectful and supportive environment.

Leading by providing service that is responsive, innovative, dependable and helpful.

Embracing confidentiality as paramount to our trusted relationships.

MANDATE

The Office of the Ethics Commissioner exists as a result of, and operates under, the *Conflicts of Interest Act*, Revised Statutes of Alberta 2000, Chapter C-23 ("*COI Act*"). The Office is also responsible for the administration of the *Lobbyists Act*, Statutes of Alberta 2007, Chapter L-20.5 ("*Lobbyists Act*").

The Ethics Commissioner is an Officer of the Legislature and is appointed by Order-in-Council following passage of a motion in the Legislative Assembly approving the appointment. The motion follows a report and recommendation from the Special Committee appointed to search for and recommend the appointment of the Ethics Commissioner.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker on annual reports, investigation reports and matters relating to the Commissioner's jurisdiction or authority, with the exception of administrative matters. The Ethics Commissioner presents budgetary estimates through the Standing Committee on Legislative Offices. The Legislative Assembly approves the budget for the Office of the Ethics Commissioner.

The Ethics Commissioner may delegate some of his functions under the *Lobbyists Act* to the Registrar.

CONFLICTS OF INTEREST ACT

The preamble of the *Conflicts of Interest Act* describes its basic principles as follows:

- the ethical conduct of elected officials is expected in democracies;
- Members of the Legislative Assembly serve Albertans most effectively if they come from a broad spectrum of occupations and continue to participate actively in the community;
- Members of the Legislative Assembly are expected to perform their duties of office and arrange their private affairs in a manner which promotes public confidence and trust in the integrity of each Member, maintains the Assembly's dignity and justifies the respect in which society holds the Assembly and its Members; and
- Members of the Legislative Assembly, in reconciling their duties of office and their private interests, are expected to act with integrity and impartiality.

Through the *COI Act*, the Ethics Commissioner:

- promotes the understanding of the Members' obligations under the *Act*;
- receives disclosure statements from all 83 MLAs and from those public servants whose positions are designated as senior officials;
- provides advice to MLAs under the *Act*, either on an individual basis or generally to all or groups of MLAs (including former Members) and to current or former political staff members and senior officials as defined in the *COI Act*;
- provides advice under the Alberta Public Service Post-Employment Restriction Regulation to individuals who are governed by post-employment restrictions as set out in that Regulation; and
- investigates any matter of an alleged breach of this *Act* by a Member, former Minister or former political staff member.

Upon receiving a report from the Ethics Commissioner, the Speaker is required to make the report public. If the Legislature is in session, the report is tabled in the Legislature. If the Legislature is not in session, the report is released publicly and tabled when the Legislature next sits (per section 28 of the *COI Act*). Under the *COI Act*, if the Ethics Commissioner has recommended a sanction in an investigation report, the Legislative Assembly debates and votes on the investigation report within 15 days after the report is tabled, or at such other time determined by a resolution of the Legislative Assembly.

Under section 29 of the *COI Act*, the Legislative Assembly may accept or reject the findings of the Ethics Commissioner or substitute its own findings. If the Legislative Assembly determines there is a breach, it may impose the sanction recommended by the Ethics Commissioner or any other sanction referred to in section 27(2) which it considers appropriate, or impose no sanction. The Ethics Commissioner reports and recommends to the Assembly but the Legislative Assembly has full and final authority about disciplinary matters relating to its Members.

LOBBYISTS ACT

The *Lobbyists Act* is intended to enhance the integrity and accountability of government by fostering openness and transparency about who is influencing the decisions of public office holders. The *Lobbyists Act* establishes two categories of lobbyists: consultant lobbyists and organization lobbyists. The *Lobbyists Act* forbids a person from performing the activities of lobbying and providing paid advice on the same subject matter at the same time, unless an exemption is given.

The preamble of the *Lobbyists Act* describes its basic principles:

- free and open access to government is an important matter of public interest;
- lobbying public office holders is a legitimate activity;
- the public and public office holders should know who is engaged in lobbying activities;
- a registration system of paid lobbyists should not impede free and open access to government; and
- the public and public office holders should know who is contracting with the Government of Alberta and provincial entities.

The Office of the Ethics Commissioner maintains a web-based Lobbyists Registry enabling real-time registration by lobbyists. It is searchable by the general public. The Lobbyists Registry provides openness and transparency by:

- recording the identities and activities of people paid to influence the decisions of public office holders;
- recording the identities of organizations and clients who pay lobbyists to influence the activities of public office holders on their behalf;
- allowing lobbyists to register, update, renew and terminate their own registrations on the system; and
- allowing public scrutiny as the public can view, search and obtain statistics and reports about lobbyists free of charge over the Internet.

This convenient, accessible, web-based registry allows access 24 hours per day, seven days per week, for both the public and lobbyists.

The Ethics Commissioner may authorize any individual in the Office of the Ethics Commissioner to act as Registrar and to exercise or perform, subject to any restrictions or limitations that the Ethics Commissioner may specify, any of the powers, duties or functions of the Registrar under this *Act*. The Ethics Commissioner delegated the administrative and enforcement responsibilities of the Registrar to Bradley V. Odsen, QC (per section 11(2) of the *Lobbyists Act*).

However, under the *Act*, certain powers and responsibilities are reserved for the Ethics Commissioner and cannot be delegated, including:

- exemptions from the contracting prohibition, with or without conditions;
- issuing Advisory Opinions and Interpretation Bulletins; and
- banning serious offenders from lobbying.

The Ethics Commissioner reports to the Legislative Assembly through the Speaker on investigations under the *Lobbyists Act*. After the report is prepared, the Ethics Commissioner provides the report to the Speaker of the Legislative Assembly and if the House is sitting, the report is tabled. If the House is not sitting, the report is distributed to all MLAs after which, the Ethics Commissioner may make the report public. A report provided when the House is not sitting is tabled when the House next sits (per section 17 of the *Lobbyists Act*).

DISCLOSURE PROCESS

All MLAs and senior officials have complied with their obligations to file disclosure statements within the appropriate timelines. Compliance is dependent on the support of caucus whips along with reminder emails and phone calls from our Office. Caucus staff are to be commended for their efforts to ensure Members continue to register 100% compliance.

The Ethics Commissioner received private disclosure forms from all 83 Members and met with each Member to discuss their disclosure. MLA public disclosure statements were made available through the Office of the Clerk of the Legislative Assembly.

Senior officials are also required to submit disclosure statements, in addition to their obligations under the Code of Conduct and Ethics for the Public Service of Alberta. A total of 79 disclosure meetings were held this year with senior officials. When reviewing disclosure by senior officials of agencies, boards and commissions, we also look at compliance with their internal conflict of interest policies. The disclosure directive does not require senior official statements to be made public.

The disclosure statements include:

- the Member or senior official, their spouse or adult interdependent partner and minor children disclosing all assets, liabilities and financial interests of any private corporation in their control;
- identifying any legal proceeding brought against them; and
- ensuring no ownership of publicly-traded securities which could be materially affected by decisions made in the course of carrying out their duties, excluding investments in a blind trust.

The following is a measure of the compliance in reporting financial disclosure.

DISCLOSURE STATEMENT TIMELINES

Category of Filer	Forms Distributed	Submission Deadline	Compliance
Members of the Legislative Assembly	March 25, 2011	June 1, 2011	100%
Senior Officials	September 26, 2011	December 1, 2011	100%

PROVISION OF ADVICE

If Members, senior officials or political staff members seek and follow advice from the Ethics Commissioner, the person is protected against allegations of a breach of the *Act*, directive or post-employment regulation resulting from the substance of that advice and no proceedings or prosecution are taken against them. This advice is given in writing. A confidential searchable database of requests and responses is maintained by our Office for future reference so that we ensure consistent responses to similar requests for advice.

The following chart shows the most common types of advice provided by our Office in 2011/12 compared to 2010/11, followed by a brief description of each type of advice. In 2011/12, requests for advice increased by 28% due largely to a substantial increase in post-employment and investment requests.

REQUESTS FOR ADVICE

Types of Advice	2011/12	2010/11
Post Employment	38	6
Gifts	25	39
Outside Activities	23	21
Investments	19	6
Codes of Conduct	14	4
Other	13	7
Family	5	13
Constituency Issues	5	7
Contracts with the Crown	4	1
Taking Part in Decisions	1	11
Total	**147**	**115**

Post-Employment

Post-employment questions are raised by departing Ministers, senior officials and political staff members. This year there was a change in leadership, a reduction in the number of departments and a provincial general election which resulted in a significant increase in activity in post-employment reviews.

Gifts

Questions are raised about accepting tickets to sports events, fundraisers, conferences and non-commercial flights. Many Members track all gifts, including event tickets, to ensure they are mindful of both the value of cumulative gifts they receive from one source and any connections between a source and the Member's public responsibilities.

Outside Activities

Questions regarding outside activities are almost exclusively raised by private Members. This year, 43% of these requests were from potential candidates in the 2012 general election. For new Members, the question most frequently asked is about what they may continue to do and whether there are identifiable conflicts if they continue to have outside employment. There may be a link between these questions and questions about a Member's obligation to withdraw where a private interest has been identified.

Investments

The substantial increase in requests in 2011/12 is attributed to the change in Ministers and senior officials. Advice was sought on matters relating to blind trusts and personal investments. Where potential conflicts existed, appropriate steps were taken by the parties to remove themselves from the situation prior to a conflict arising.

Codes of Conduct

Several boards and senior officials sought informal confidential advice on conflict of interest matters relating to their agency's code of conduct. The Ethics Commissioner has no legislative authority to provide formal advice. We assist agencies and senior officials upon request but the advice provided is not binding. All informal advice includes referral to their agency's code administrator.

Other

This category includes requests about disclosure statements and Members participating on boards of charities or other not-for-profit entities.

Family

Questions involving family members relate to either the employment or activities of a spouse or child. If the question involves a family member's investments, the question is included in the Investments category.

Constituency Issues

Constituency issues relate to the provision of assistance to constituents, the use of a constituency allowance or social obligations within the constituency. Where questions about the Member's constituency allowance fall more within the mandate of the Office of the Speaker, the Member is referred to that Office.

Contracts

Contract questions are often raised by new Members about their dealings with ATB Financial or other Crown contracts.

Taking Part in Decisions

Generally, Members consider their personal holdings or those of close family members and ask whether it is appropriate to participate in a decision before the Legislative Assembly or one of its committees, or before Executive Council or one of its committees. Our Office advises whether a private interest is involved or whether the matter is a general application which affects the Member only as a broad class of the public, thereby allowing the Member to participate and vote.

CONDUCT OF INVESTIGATIONS

The majority of requests for investigation to this Office involve matters which are non-jurisdictional. No investigations were commenced under the *Conflicts of Interest Act* during 2011/12, nor were any investigations carried forward from last year.

A total of 20 requests were received, of which five involved MLAs and senior officials. For MLAs, the subject for investigation did not fall under the *COI Act* and therefore no breach of the *Act* occurred. A request for investigation of a senior official would fall under the Public Service Code of Conduct and Ethics. Our role under this Code is limited to providing a review of a ruling of a conflict of interest by Executive Council. No review was requested.

The balance of requests for investigation were non-jurisdictional and citizens are referred to the appropriate office for assistance.

The following chart illustrates the categories of jurisdictions in which we are requested to investigate. The total number of requests for investigations decreased by 33% this year from the previous year.

Request for Investigations (Total: 20)

The following table illustrates the length of time to respond to requests for investigation.

Length of Time to Respond to Requests for Investigation			
Method of Request (Number of Requests)	Same Day	24-48 Hours	One Week or More
Phone Calls (13)	11	2	0
E-mails (2)	2	0	0
Letters (5)	1	2	2
TOTAL	**14**	**4**	**2**

Below we have reproduced a comparative table detailing the number of inquiries and investigations performed by Ethics Commissioners across Canada from 2004 to 2011. The table was highlighted in the 2011/12 Annual Report of the Office of the Senate Ethics Officer, which is an Office established under the *Parliament of Canada Act*.

The table shows the number of investigations across the country has been in decline since 2008. Only two investigations were performed in Canada in 2011 and the last investigations in Alberta were in 2007. The decrease in investigations is a result of an established conflicts of interest office maintaining one-on-one meetings with all Members to discuss their disclosure statements, an increase in requests for advice and the increased awareness of conflicts of interest by Members. This activity reflects Members' desire to ensure compliance with all aspects of the *Conflicts of Interest Act*.

INQUIRIES AND INVESTIGATIONS BY ETHICS COMMISSIONERS (2004-2011)

	Date of Establishment of Offices	Number of Parliamentarians	2004	2005	2006	2007	2008	2009	2010	2011
Ontario	1988	107	3	0	2	0	2	0	0	1
British Columbia	1990	79	1	0	1	1	1	2	1	0
Nova Scotia	1991	52	0	0	0	0	0	0	0	0
Alberta	1992	83	1	1	0	3	0	0	0	0
Newfoundland	1993	48	0	0	0	0	0	0	0	0
Saskatchewan	1994	58	2	1	0	0	2	0	0	0
N.W.T.	1998	19	1	0	0	0	0	3	0	0
P.E.I.	1999	27	0	0	0	1	2	1	0	0
New Brunswick	2000	55	0	0	1	0	0	0	0	0
Nunavut	2000	19	1	0	0	0	2	1	0	0
Manitoba	2002	57	0	0	0	0	0	0	0	0
Yukon	2002	18	0	0	0	0	2	0	0	0
House of Commons	2004	308	0	3	4	1	5	1	4	1
Senate*	2005	105	n/a	0	0	0	0	0	0	0
Quebec	2011	125	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0
Total			**9**	**5**	**8**	**6**	**16**	**8**	**5**	**2**

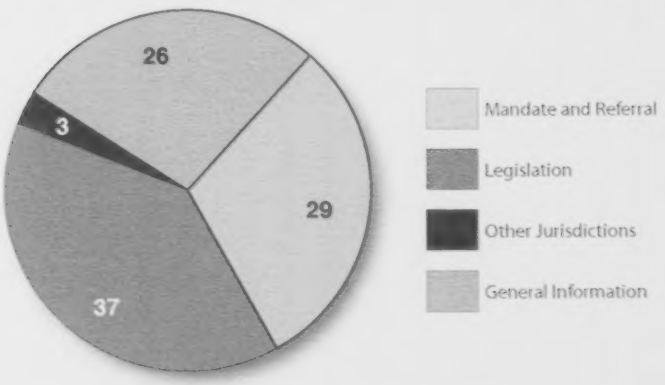
Source: Annual Reports by federal, provincial and territorial ethics commissioners
*In 2005, 2009 and 2011, the Senate Ethics Officer released reports into allegations that particular senators had violated certain provisions of the Code.

REQUESTS FOR INFORMATION

There were 95 requests for information this year, a 32% increase over last year. The majority of requests are from callers seeking clarification about the Ethics Commissioner's mandate and the relevant legislation. The requested information dealt with employment standards, professional standards and conduct, human rights, conduct in non-profit organizations and legislation surrounding investigation of senior officials. Callers are referred to the appropriate office if we are unable to assist them.

The following chart categorizes the requests:

Request for Information (Total: 95)



COMPARATIVE STATISTICS

The following chart reflects the total volume of requests received by our Office for advice, investigation and information.

Total Requests Received for:	2011/12	2010/11
Advice	147	115
Investigations	20	30
Information	95	72
TOTAL	**262**	**217**

Total requests were up 21% in 2011/12 over last year.

EVENTS AND CONFERENCES

Participating in annual conferences is very beneficial to our small office as it provides the Commissioner and staff the opportunity to exchange information with peers on issues of common interest and review legislative and regulatory differences and trends.

This year, the Office attended the annual Canadian Conflicts of Interest Network conference, the Council of Governmental Ethics Laws conference, and the Lobbyist Registrars and Commissioners Conference (Ottawa).

We were also proud hosts of the 2011 National Lobbyists Registrars and Commissioners Conference in Edmonton. Highlights from the Conference included:

- A presentation by Prof. Ian Greene of York University entitled, "The Role of Lobbyist Legislation Within the Context of Government Ethics";
- A panel discussion including Prof. Greene, Randy Pettipas, President and CEO of Global Public Affairs (the largest Consultant Lobbyist firm in Canada) and Jean Sebastien Rioux, Manager of Government Relations with Imperial Oil Limited. The panel provided consultant and organization lobbyists' perspectives on the legislation and registries in various Canadian jurisdictions;
- A presentation by Michael Morris, senior counsel with Justice Canada, on "The Courts and Lobbyists Registration";
- A presentation by Linda Gehrke, Toronto's Lobbyist Commissioner, on "Conflict of Interest in a Municipal Environment"; and
- A presentation by Bradley Odsen, QC, Alberta Lobbyists Act Registrar, on "Alberta's Lobbyists Act Legislative Review".

Our guest speaker was former Alberta premier Ed Stelmach, whose first piece of legislation as Premier was the *Alberta Lobbyists Act*. Delegates enjoyed a candid conversation with the former premier as he presented his views on lobbying legislation and engaged the group in an open conversation on lobbying and government ethics.

SPEAKING ENGAGEMENTS / PRESENTATIONS

Date	Presentation, Speech or Caucus Session
April 2011	School at the Legislature
May 2011	Page Development at the Legislature
June 2011	Canadian Institute's Annual Conference on Lobbying and Government Ethics - Panel discussion with the Ontario Lobbyist Registrar and City of Toronto Lobbyist Commissioner
December 2011	British Columbia Lobbyist Registry sponsored conference - Panel discussion with other provincial and federal regulators on lobbying regulation
February 2012	House of Commons Standing Committee on Access to Information, Privacy and Ethics - Presentation on the review of the federal *Lobbying Act*
February 2012	Saskatchewan Lobbying Legislation Inquiry - Conversation on the value of lobbyist legislation to enhance transparency and accountability in government and the strengths and weaknesses of various models - The Committee issued its report May 16, 2012, recommending Saskatchewan introduce lobbyist registration legislation that, with slight differences, would mirror the Alberta *Lobbyists Act*

PUBLICATIONS

Our performance measurement process includes a routine review of our brochures and guides to ensure they are current to the relevant legislation or regulation. We also review our educational information to ensure it is as user-friendly as possible.

We currently produce the following brochures under the *Conflicts of Interest Act*:

- *Background and Role of the Ethics Commissioner*
- *Conflicts of Interest*
- *Disclosures Statements / Gifts*
- *Members of Executive Council*
- *Investigations / Inquiries*
- *Ethics—School Presentation*
- *Alberta Public Service Post-Employment Restriction Regulation*
- *Public Service Post-Employment Obligations for Political Staff Members*
- *Quick Guide #1: Determining Whether My Interest is a "Private Interest"*
- *Quick Guide #2: Gift Acceptance and Disclosure*
- *Information for Candidates Seeking Election*
- *Integrity, Accountability, Transparency*

Under the *Lobbyists Act*:

- *Am I a Lobbyist?*
- *Are You a Lobbyist?*
- *What is Lobbying?*
- *Contracting Prohibitions*

All publications are available on our website at www.ethicscommissioner.ab.ca

2011/12 was the second full year of operation of the Lobbyists Registry and it continues to be an unqualified success in achieving the public policy expectations set out in the *Lobbyists Act*.

OUTREACH

Educational activities were begun by the Registrar in 2008/09, reached their pinnacle of activity in 2009/10, began to decline in 2010/11 and continued that decline in activity in 2011/12. This continuing decline in presentations reflects that the vast majority of those affected by the *Act* are aware of it and its requirements and are in compliance. Six presentations were delivered in Edmonton and one in Calgary between April 1, 2011 and March 31, 2012.

Media in 2011/12 included interviews given for articles published in the *Edmonton Journal*, *Calgary Herald*, *Le Devoir*, *Fast Forward Magazine*, *Medicine Hat News*, *Saskatoon Star Phoenix*, *Insight Into Government* and *The Lobby Monitor*. Interviews were also given to *CBC/Radio-Canada*, *CBC Radio* and *CBC radio online*.

Presentation Comparison Chart

Number of Presentations	2011/12	2010/11
Associations	1	6
Businesses	0	0
MLAs & Staff	0	0
Government*	2	4
Junior. High School Classes	3	0
University of Alberta MBA Class	1	0
TOTAL	**7**	**10**

* Delivered jointly with Joan Neatby, Senior Legislative Counsel, Alberta Justice

A total of 256 attendees participated in presentations in 2011/12; there have been a total of 1,110 attendees in the three years from April 1, 2009 through March 31, 2012.

Number of Presentations	2011/12	2010/11
Associations	24	159
Businesses	0	0
MLAs & Staff	0	0
Government*	5	70
Junior. High School Classes	185	0
University of Alberta MBA Class	42	0
TOTAL	**256**	**229**

* Delivered jointly with Joan Neatby, Senior Legislative Counsel, Alberta Justice

REQUESTS FOR INFORMATION

Requests for information from consultant and organization lobbyists and other interested parties about the obligations and requirements under the *Act* continued in 2011/12 but to a lesser degree than in the period following proclamation of the *Act* in September 2009. Other communications concerned effecting notices of change, semi-annual renewals, terminating registrations of lobbying activities which were concluded, advice and assistance on applying to register and completing the registration form online and providing support for minor technical difficulties, which were usually resolved in less than one working day.

Communications concerning the *Act* and Registry were conducted electronically via email and by telephone. Communications were consistently effected in a timely manner and in each instance, the performance target was met or exceeded.

Performance Measures

Activity Measure	2011/12 Actual Percentage (Target)	2010/11 Actual Percentage (Target)
Respond to voicemails within 4 hours	98 (90)	98 (90)
Respond to emails within 1 business day	96 (90)	96 (90)
Respond to service request within 2 hours	99 (95)	99 (95)
Resolve service issue within 2 days	92 (75)	90 (75)

STATISTICAL YEAR IN REVIEW

Telephone Inquiries	2011/12	2010/11
Total calls	534	701
Average per week	10.3	13.5

Email Inquiries	2011/12	2010/11
Total emails	1,690	3,546
Average per month	141	296

As expected, by the second year of operation, most of those subject to the *Act* are now familiar with its application to their circumstances and are also familiar with the use of the online registry. As a result, the number of contacts with the Registrar has dropped significantly from the first year of operation. It is anticipated the 2011/12 levels of activity are an accurate reflection of what to expect in the coming years. It should also be noted the email count is only those received; it does not reflect responses to inquiries nor does it reflect the number of emails originating with the Registrar.

LOBBYISTS REGISTRATIONS

The response from the lobbying community to the *Act* and the Registry continues to be overwhelmingly positive.

Registration Activities April 1, 2011 - March 31, 2012

Consultant Lobbyists	Updates	Undertakings
Registered undertakings carried forward from previous year		202
Current Year Activities:		
- New undertakings		44
- Change notices	78	
- Terminations		(101)
Undertakings as at March 31, 2012		145

Organization Lobbyists	Updates	Registrations
Registered organizations carried forward from previous year		117
Current Year Activities:		
- New organizations		27
- Change notices	102	
- Semi-annual notices	261	
- Terminations		(10)
Registrations as at March 31, 2012		134

A total of 623 registrations required review, approval and posting, or an average of more than three per week.

REGISTRY WEBSITE ACTIVITY

The question of whether the *Act* and the Registry are succeeding in fulfilling its public policy purpose can be measured, in part, by tracking the registry website activity.

Registry Website Activity
April 1, 2011 – March 31, 2012

	Unique Visitors	Number of visits	Pages Viewed	Hits
Total	17,299	33,727	550,544	1,078,685
Average per month	1,442	2,811	45,879	89,890

As the number of registered users increased from about 400 in 2010/11 to about 500 in 2011/12, there is the expected overall slight increase in website activity year over year. This level of activity clearly indicates those with an interest in using the website extends well beyond the lobbying community and the purpose of the legislation is therefore being met.

INVESTIGATIONS

On November 28, 2011 the Ethics Commissioner submitted a report to the Speaker of the Legislative Assembly on the investigation into allegations made by the Alberta Federation of Labour (AFL) against the Canadian Association of Petroleum Producers (CAPP), an organization lobbyist registered under the *Lobbyists Act*.

AFL alleged representatives of CAPP were lobbying the Alberta government without registering as lobbyists on the CAPP *Lobbyists Act* registration, in contravention of section 2(c) of Schedule 2 of the *Lobbyists Act*. In support of its allegation, AFL provided the Registrar with a copy of a "leaked" briefing note prepared for a senior government official which indicated discussions had taken place on a particular topic and three named individuals participated in those discussions as representatives of CAPP.

Following an investigation, the Registrar found that while the persons named in the briefing note had been in attendance at the meeting and participated in the discussion, as indicated in the briefing note, they were not "paid employees" of CAPP but were "volunteers" within the meaning of the *Lobbyists Act*. As volunteers, they were therefore exempt from registration under section 3(1)(l) of the *Act*. The Registrar further found that, in accordance with his policy on this type of situation, the three named persons were registered as lobbyists on their respective employers' *Lobbyists Act* registrations.

For these and other reasons discussed in the Investigation Report, the Registrar determined CAPP was not in violation of the *Lobbyists Act*. A complete copy of the Investigative Report is available at www.lobbyistsact.ab.ca under the Enforcement/ Investigative Reports tabs.

LEGISLATIVE REVIEW

The *Lobbyists Act* was proclaimed September 28, 2009. Section 21 of the *Act* states:

> **Review of Act**
>
> *Within 2 years after this Act comes into force and every 5 years after that, a special committee established by the Legislative Assembly shall begin a comprehensive review of this Act and shall submit to the Legislative Assembly, within one year after beginning the review, a report that includes any amendments recommended by the committee.*

In accordance with the requirement of section 21, on April 20, 2011, the Legislative Assembly passed Government Motion 14, which deemed the Standing Committee on Legislative Officers as the special committee of the Assembly for conducting a comprehensive review of the *Lobbyists Act*.

The committee met several times in 2011. Office staff attended committee meetings and the Registrar served as a technical resource to the committee, providing information and advice concerning the administration and operation of the *Act* and the Registry.

The committee recommended one change in its November, 2011 report: that time counted in calculating "time spent lobbying" by organizational lobbyists be changed from "not including preparation time" to "including preparation time". The committee also issued a Minority Report which recommended an additional seven changes. The full report can be found online at:

http://www.assembly.ab.ca/committees/PastReports/2011/Standing%20Committee%20on%20Legislative%20Offices%20-%20Review%20of%20the%20Lobbyists%20Act%20-%20November%202011.pdf

REGISTRAR'S REMARKS

As the foregoing shows, 2011/12 has been a year of considerable accomplishment, particularly relating to enhancing the profile of the Office and the Registry on the national stage. Operation of the Registry has settled into a routine of reviewing submissions for posting to the Registry, responding to telephone and electronic queries and concerns and to addressing technical issues in as timely and effective a manner as possible. These accomplishments could not have been achieved without the diligent support and effort of:

- Neil Wilkinson, Ethics Commissioner – constant support, encouragement, and critical advice;
- Glen Resler, Chief Administrative Officer, Office of the Ethics Commissioner – business support and encouragement;
- Louise Read, Executive Support, Office of the Ethics Commissioner – administrative support;
- Rob Wright, AAD Inc. – website design, hosting and web master;
- Longview Systems – IT support; and
- The many lobbyists for their cooperation, patience and understanding.

It is clear the *Lobbyists Act* and Registry have made a significant contribution to openness, transparency and accountability of government in Alberta. It is noteworthy that others from across Canada are implicitly acknowledging this through their demonstrated interest in the Alberta experience.

It continues to be an honour and a privilege to contribute to the realization of this vision.

Bradley V. Odsen, QC
Registrar

OFFICE OF THE ETHICS COMMISSIONER

Financial Statements - March 31, 2012

OFFICE OF THE ETHICS COMMISSIONER
Financial Statements
March 31, 2012

Auditor's Report

Statement of Operations

Statement of Financial Position

Statement of Cash Flows

Notes to the Financial Statements

Schedule 1 – Salary and Benefits Disclosure

Schedule 2 – Allocated Costs

AUDITOR GENERAL *Alberta*

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Financial Statements

I have audited the accompanying financial statements of the Office of the Ethics Commissioner, which comprise the statement of financial position as at March 31, 2012, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audits in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Office of the Ethics Commissioner as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

[Original signed by Merwan N. Saher]
FCA
Auditor General

Edmonton, Alberta
June 26, 2012

STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2012

	2012		2011
	Budget	Actual	Actual
Revenues			
Other Revenue	-	206	471
	-	206	471
Expenses – Directly Incurred (Note 3(b) and Schedule 2)			
Salaries, Wages, and Employee Benefits	549,000	560,065	539,370
Supplies and Services	336,000	174,087	203,467
Amortization of Tangible Capital Assets	58,000	57,715	59,342
	943,000	791,867	802,179
Net Operating Results	$ (943,000)	$ (791,661)	$ (801,708)

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

	2012	2011
Assets		
Prepaid Expenses	$ 6,189	$ 6,189
Tangible Capital Assets (Note 4)	43,635	95,182
	$ 49,824	$ 101,371
Liabilities		
Accounts Payable and Accrued Liabilities	$ 1,772	$ 38,094
Accrued Vacation Pay	43,721	42,260
	45,493	80,354
Net Assets		
Net Assets at Beginning of Year	21,017	76,499
Net Operating Results	(791,661)	(801,708)
Net Financing Provided from General Revenues	774,975	746,226
	4,331	21,017
	$ 49,824	$ 101,371

The accompanying notes and schedules are part of these financial statements.

STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2012

	2012	2011
Operating Transactions		
Net Operating Results	$ (791,661)	$ (801,708)
Non-cash Items included in Net Operating Results		
Amortization of Tangible Capital Assets	57,715	59,342
Valuation Adjustments	1,461	(7,042)
Gain on Disposal of Capital Assets	(206)	(460)
	(732,691)	(749,868)
Decrease/(Increase) in Prepaid Expenses	-	36
(Decrease)/Increase in Accounts Payable	(36,322)	2,438
Cash Applied to Operating Transactions	(769,013)	(747,394)
Capital Transactions		
Proceeds on Disposal of Tangible Capital Assets	245	1,168
Acquisition of Tangible Capital Assets	(6,207)	-
Cash Applied to (Received from) Capital Transactions	(5,962)	1,168
Financing Transactions		
Net Financing Provided From General Revenues	774,975	746,226
Increase in Cash	-	-
Cash, Beginning of Year	-	-
Cash, End of Year	$ -	$ -

The accompanying notes and schedules are part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2012

NOTE 1 AUTHORITY

The Office of the Ethics Commissioner (the Office) operates under the authority of the *Conflicts of Interest Act* and the *Lobbyists Act*. The net cost of the operations of the Office is borne by the General Revenue Fund of the Province of Alberta. Annual operating budgets are approved by the Standing Committee on Legislative Offices.

NOTE 2 PURPOSE

The Office of the Ethics Commissioner enhances public confidence in the integrity of Members of the Legislative Assembly, former Ministers and former political staff members, and of the public service of Alberta by providing advice and guidance to Members and senior officials regarding their private interests in relation to their public responsibilities, by conducting investigations into allegations of conflicts of interest against Members, and by promoting the understanding by Members, senior officials and the public of the obligations regarding conflict of interest contained in legislation or directive.

The Office of the Ethics Commissioner is responsible for creating and maintaining a publicly-accessible lobbyists registry; providing advice and information to lobbyists and citizens on matters covered by the Lobbyists Act; and conducting investigations into possible contraventions of the Act which may require payment of an administrative penalty.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) Reporting Entity

The reporting entity is the Office of the Ethics Commissioner, for which the Ethics Commissioner is accountable.

The Office operates within the General Revenue Fund. The Fund is administered by the Minister of Finance and Enterprise. All cash receipts of the Office are deposited into the Fund and all cash disbursements made by the Office are paid from the Fund. Net Financing Provided from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Office has primary responsibility and accountability for, as reflected in the Office's budget documents.

In addition to program operating expenses such as salaries, supplies, etc., directly incurred expenses also include:

- amortization of tangible capital assets.
- pension costs, which are the cost of employer contributions during the year.
- valuation adjustments which represent the change in management's estimate of future payments arising from obligations relating to vacation pay.

Incurred by Others

Services contributed by other entities in support of the Office's operations are not recognized and are disclosed in Schedule 2.

Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations. Financial assets of the Office are limited to prepaid expenses for office equipment.

Tangible capital assets of the Office are recorded at historical cost and are amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $250,000 and the threshold for major system enhancements is $100,000. The threshold for all other tangible capital assets is $5,000.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Assets

Net Assets represent the difference between the Office's carrying value of its assets and liabilities.

Canadian public sector accounting standards require a "net debt" presentation for the statement of financial position in the summary financial statements of governments. Net debt presentation reports the difference between financial assets and liabilities as "net debt" or "net financial assets" as an indicator of the future revenues required to pay for past transactions and events. The Office operates within the government reporting entity, and does not finance its expenditures by independently raising revenues. Accordingly, these financial statements do not report a net debt indicator.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (CONTINUED)

Valuation of Financial Assets and Liabilities

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of prepaid expenses, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

NOTE 4 TANGIBLE CAPITAL ASSETS

	Office equipment And Furniture	Computer hardware and software	2012 Total	2011 Total
Estimated Useful Life	10 years	3 years		
Historical Cost				
Beginning of Year	$ 26,990	$ 174,895	$ 201,885	$ 220,420
Additions	6,207	-	6,207	-
Disposals	(4,680)	-	(4,680)	(18,535)
	$ 28,517	$ 174,895	$ 203,412	$ 201,885
Accumulated Amortization				
Beginning of Year	$ 14,651	$ 92,052	$ 106,703	$ 65,188
Amortization Expense	2,100	55,615	57,517	59,342
Effect of Disposals	(4,641)	-	(4,641)	(17,827)
	$ 12,110	$ 147,667	$ 159,777	$ 106,703
Net Book Value at March 31, 2012	$ 16,407	$ 27,228	$ 43,635	
Net Book Value at March 31, 2011	$ 12,339	$ 82,843		$ 95,182

NOTE 5 BENEFIT PLANS

The Office participates in the multiemployer pension plans: Management Employees Pension Plan (MEPP) and Public Service Pension Plan (PSPP). The expense for these pension plans is equivalent to the annual contributions of $67,361 for the year ending March 31, 2012 (2011 – $61,417).

At December 31, 2011, the Management Employees Pension Plan reported a deficiency of $517,726,000(2010 – $397,087,000) and the Public Service Pension Plan reported a deficiency of $1,790,383,000 (2010 – $2,067,151,000).

At December 31, 2011, the Supplementary Retirement Plan for Public Service Managers had a deficiency of $53,489,000 (2010 – $39,559,000).

The Office also participates in a multiemployer Long Term Disability Income Continuance Plan. At March 31, 2012, the Management, Opted Out and Excluded Plan reported an actuarial surplus of $10,454,000 (2011 – surplus of $7,020,000). The expense for this plan is limited to employer's annual contributions for the year.

NOTE 6 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the Office to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2012	2011
Obligations under operating leases	$ 24,753	$ 33,036

Estimated payment requirments for the unexpired terms of these contractual obligations are as follows:

	Long-term Leases
2012-13	$ 8,251
2013-14	8,251
2014-15	8,251
	$ 24,753

NOTE 7 APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Ethics Commissioner.

SALARY & BENEFITS DISCLOSURE
YEAR ENDED MARCH 31, 2012

SCHEDULE 1

	2012				2011
	Base Salary[a]	Other Cash Benefits[b]	Other Non-cash Benefits[c]	Total	Total
Senior Official Ethics Commissioner	$ 131,592	$ 23,653	$ 33,741	$ 188,986	$ 183,951

Prepared in accordance with Treasury Board Directive 12/98 as amended.

(a) Base salary includes regular base pay.
(b) Other Cash Benefits include vehicle allowance, vacation payout ($14,403) and a lump sum payment. There was no bonus paid in 2012.
(c) Other Non-cash Benefits include the government's share of all employee benefits and contributions or payments made on behalf of the Commissioner, including pension, health care, dental coverage, group life insurance, short and long term disability plans, and professional memberships.

ALLOCATED COSTS
YEAR ENDED MARCH 31, 2012

SCHEDULE 2

	2012				2011
		Expenses – Incurred by Others			
Program	Expenses [a]	Accommodation Costs[b]	Telephone Costs[c]	Total Expenses	Total Expenses
Operations	$791, 867	$ 58,361	$ 2,216	$ 852,444	$ 872,500

(a) Expenses – Directly Incurred as per Statement of Operations.
(b) Costs shown for Accommodation include grants in lieu of taxes.
(c) Telephone Costs is the line charge for all phone numbers.

For information on the functions and responsibilities of the Office of the Ethics Commissioner, contact:

Office of the Ethics Commissioner
Suite 1250, 9925 - 109 Street NW, Edmonton, Alberta T5K 2J8
Phone: (780) 422-2273
Fax: (780) 422-2261
Email: info@ethicscommissioner.ab.ca
Website: www.ethicscommissioner.ab.ca

For information on the *Lobbyists Act* or the functions and responsibilities of the Registrar, *Lobbyists Act*, contact:

Registrar, *Lobbyists Act*
Suite 1250, 9925 - 109 Street NW, Edmonton, Alberta T5K 2J8
Phone: (780) 644-3879
Fax: (780) 422-2261
Email: registrar@ethicscommissioner.ab.ca
Website: www.lobbyistsact.ab.ca

Office of the

ETHICS COMMISSIONER

ANNUAL REPORT

2011/2012